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Enabling poor rural people
to overcome poverty

High-level preview of IFAD's 2012 results-based programme of work and administrative and capital budgets, and the preview of the Independent Office of Evaluation of IFAD's results-based work programme and budget for 2012 and indicative plan for 2013-2014

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Abbreviations and acronyms

ARRI	Annual Report on Results and Impact of IFAD Operations
CLE	corporate-level evaluation
CMR	corporate management result
COSOP	country strategic opportunities programme
CPE	country programme evaluation
CPMT	country programme management team
DMR	divisional management result
DSF	Debt Sustainability Framework
ECG	Evaluation Cooperation Group
FAO	Food and Agriculture Organization of the United Nations
FAO	Food and Agriculture Organization of the United Nations
ICT	information and communications technology
IDEAS	International Development Evaluation Association
IFAD8	Eighth Replenishment of IFAD's resources
IFAD9	Ninth Replenishment of IFAD's resources
IOE	Independent Office of Evaluation of IFAD
LGS	Loans and Grants System
MTP	Medium-term Plan
NONIE	Network of Networks on Impact Evaluation
OSC	Operational Strategy and Policy Guidance Committee
PCR	project completion report
PCR/V	project completion report validation
PDF/F	Programme Development Financing Facility
PMD	Programme Management Department
PPA	project performance assessment
PRISMA	President's Report on the Implementation Status of Evaluation Recommendations and Management Actions
RIDE	Report on IFAD's Development Effectiveness
RMF	Results Measurement Framework
SDC	Swiss Agency for Development and Cooperation
UNEG	United Nations Evaluation Group
WFP	World Food Programme

Executive summary

1. The Eighth Replenishment of IFAD's resources (2010-2012) provided IFAD with the mandate to increase its operational programme by 50 per cent, while maintaining a strong focus on achieving the targets set out in IFAD's Results Management Framework. In this final year of the Eighth Replenishment period, IFAD is proposing an annual programme of work to ensure the mandated 50 per cent increase is successfully attained. The achievement of this increase in the core programme of work, coupled with a growing level of cofinancing, will provide a significant boost to IFAD's contribution to the achievement of the first Millennium Development Goal by 2015.
2. In terms of planning for the successful implementation of its strategic objectives in reducing rural poverty and enhancing food security, the IFAD Strategic Framework 2011-2015 sets out the key strategic directions and the Fund's terms of engagement. The rolling Medium-term Plan (MTP) translates these strategic directions into activities and outputs. The annual budgeting process focuses on achieving the objectives set out in the rolling MTP period 2011 to 2013 by ensuring that the allocation of resources in 2012 is consistent with MTP priorities.
3. In 2012, the Fund proposes to support approximately US\$1.85 billion in new commitments to smallholder development. These indicative commitments will include US\$1.2 billion in loans and grants from IFAD's resources, and approximately US\$0.65 billion in cofinancing directly managed and supervised by IFAD. In 2011, IFAD is striving to surpass its indicative level of US\$1.0 billion to reach US\$1.1 billion in new IFAD commitments against its regular resources.
4. The total administrative budget proposed for 2012 is US\$144.07 million at the exchange rate used to calculate the budget for 2011. The principal components of the administrative budget are expenditures on country programme development and implementation (62.4 per cent), and corporate management, reform and administration (22 per cent). Subject to the outcome of discussions on the Ninth Replenishment of IFAD's resources, Management is reviewing the possibility of classifying a portion of the country programme development and implementation component of the administrative budget – relating to technical assistance and project design and implementation – separately from the administrative budget. Management intends to present a paper to the Executive Board in relation to this proposed reclassification, which has been estimated at US\$58.91 million for 2012.
5. Management is proposing a zero real increase for the 2012 administrative budget. This overall zero real increase is comprised of a proposed increase of 1.5 per cent in real terms for country programme development and implementation to support the 20 per cent increase in the planned programme of work and the even larger increase in the broad indicative work programme that combines resources from both within and outside of IFAD; and a proposed real decrease of some 2.5 per cent for all other components in the 2012 budget.
6. Taking into account the rise in the programme of work and the much smaller increase in the administrative budget, IFAD's efficiency ratio is projected to improve from 14.06 per cent to 12.01 per cent in 2012 (compared with the Results Measurement Framework target of 13.5 per cent for 2012). A broader measure of efficiency – including external resources directly managed and supervised by IFAD and the estimated management fees for such resources – is projected at approximately 7.79 per cent.
7. In accordance with Regulation VII of the Financial Regulations of IFAD, medium-term budgetary projections on the basis of projected income flows to the Fund from all sources and projected operational plans and disbursements covering the same period have been provided for the first time in this document (see table 2), although it should be noted that this table is for information purposes only.

8. Management is currently working on the capital budget proposal as well as reviewing the possibility of proposing a one-time budget for the Change and Reform Agenda for 2012. Although amounts have not been finalized, Management has estimated a capital budget of US\$5.0 million and a Change and Reform Budget of US\$1.5 million. Further details on these budget lines will be provided at the December session of the Executive Board.
9. Table 1 sets out a high-level summary of the 2012 administrative budget proposal.

Table 1

Results and process matrix for results-based budgeting in IFAD and 2012 proposed budgets – administrative and other

<i>Cluster</i>	<i>Outcome</i>	<i>Corporate management result (CMR)</i>	<i>Process</i>	<i>2012 proposed</i>
<i>Operational</i>				<i>US\$ million</i>
1	Effective national policy, harmonization, programming, institutional and investment frameworks for rural poverty reduction	CMR 1 – Better country programme management CMR 2 – Better project design (loans and grants) CMR 3 – Better supervision and implementation support	Country programme development and implementation	89.84 ^a
2	Supportive global resource mobilization and policy framework for rural poverty reduction	CMR 8 – Better inputs into global policy dialogue for rural poverty reduction CMR 10 – Increased mobilization of resources for rural poverty reduction	High-level policy dialogue, resource mobilization and strategic communication	9.87
<i>Institutional support</i>				
3	An effective and efficient management and institutional service platform at headquarters and in-country for achievement of operational results	CMR 4 – Better financial resource management CMR 5 – Better human resource management CMR 6 – Better results and risk management CMR 7 – Better administrative efficiency and an enabling work and information and communications technology (ICT) environment	Corporate management, reform and administration	31.74
4	Effective and efficient functioning of IFAD's governing bodies	CMR 9 – Effective and efficient platform for members' governance of IFAD	Support to members' governance activities	10.52
Total 2012 administrative budget proposed for clusters 1-4				141.97
Corporate cost centre				2.10
Total administrative budget proposed for 2012				144.07

Other budgets proposed for 2012:

2012 capital budget (estimate)	5.0
Change and Reform Agenda one-time budget (estimate)	1.5

^a Of the total amount of cluster 1 resources proposed for 2012 (US\$89.84 million), it is estimated that US\$58.91 million relate to technical assistance and project design and implementation costs.

Table 2

Medium-term budgetary projections on the basis of projected inflows and outflows (all sources)
(Millions of United States dollars)

	<i>Actual 2010</i>	<i>Projected 2011</i>	<i>Projected 2012</i>	<i>Projected 2013</i>
Resource balance carried forward at start of year	2 597	2 523	2 273	2 023
Inflows to IFAD				
Loan reflows	270	272	285	293
Investment income	79	36	43	60
Supplementary fund fees	6	8	9	10
Subtotal	355	316	337	363
Outflows from IFAD				
Administrative budget	(132)	(141)	(144)	(150)
Other administrative expenses ^a	(11)	(2)	-	-
Capital budget	(2)	(15)	(5)	(5)
Costs funded by supplementary fund fees	(6)	(8)	(9)	(10)
FX and intra-fund adjustments	(46)	-	-	-
Subtotal	(197)	(166)	(158)	(165)
Net inflows/outflows to IFAD	158	150	179	198
Programme of work related activities				
Contributions	335	257	302	595
Disbursements	(537)	(657)	(715)	(771)
Heavily Indebted Poor Countries impact	(30)	-	(16)	(31)
Subtotal	(232)	(400)	(429)	(207)
Net inflows/(outflows) on all activities	(74)	(250)	(250)	(9)
Resource balance brought forward at end of year	2 523	2 273	2 023	2 014

^a Other administrative expenses include one-time budgets and carry-forward resources.

Part one – High-level preview of IFAD’s 2012 results-based programme of work and administrative and capital budgets

I. IFAD’s programme of work for 2012

- As an integral part of the Eighth Replenishment of IFAD’s resources (IFAD8), Member States provided the resources and mandate to enable the organization to play a more significant role in accelerating its contribution to rural poverty reduction and enhancing food security. In this final year of IFAD8, the Fund is now striving to complete the mandated delivery of resources available for commitment, as well as to generate additional resources under new partnerships for rural poverty reduction. For 2012, a base work programme of US\$1.85 billion has been proposed, comprising a programme of work of US\$1.2 billion from regular resources and an additional US\$0.65 billion in IFAD-managed commitments financed from other sources (including the Global Agriculture and Food Security Program, Spanish Trust Fund, European Commission, OPEC Fund for International Development and Global Environment Facility). This represents by far the largest work programme in IFAD’s history. Maintaining the cofinancing target ratio achieved on operations approved for the IFAD8 period will mean mobilizing new commitments for smallholder development of some US\$3.65 billion per annum. As with 2011, IFAD is seeking to accelerate the throughput of resources by reducing the time from project approval to first disbursement and by strengthening project-level financial management.

Table 1
Indicative and actual work programme of loans and grants
(Millions of United States dollars)

	2007	2008	2009	2010	2011	2012
IFAD loans and Debt Sustainability Framework (DSF) grants	544.5	607.8	668.5	748.0	935.0	1 122.0
IFAD grants	60.5	42.2	46.5	52.0	65.0	78.0
Total IFAD programme of work	605.0	650.0	715.0	800.0	1 000.0^a	1 200.0^b
Other funds under IFAD management (estimated) ^c	-	-	200	250	500	650
Total	605.0	650.0	915.0	1 050.0^a	1 500.0	1 850.0

^a The currently planned level is US\$1,100 million.

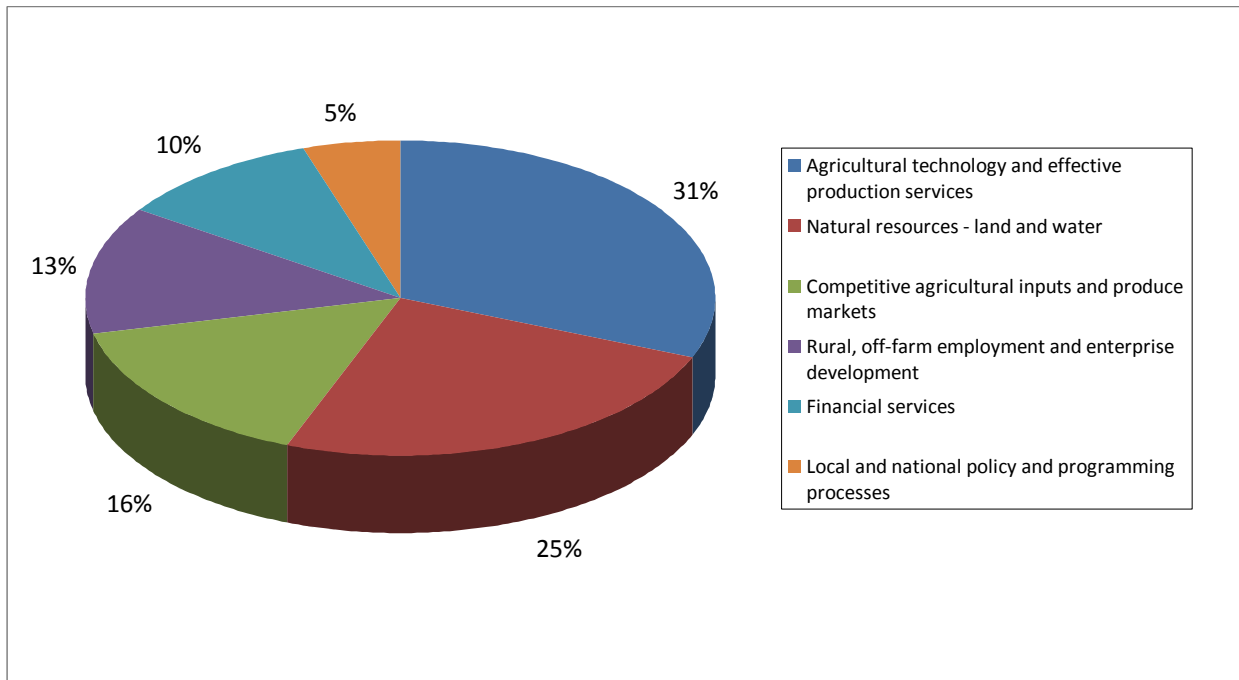
^b Since the submission of the Medium-term Plan, the 2012 programme in preparation currently amounts to US\$886 million plus grants, with the amount to be delivered in 2012 expected to reach US\$1.2 billion.

^c Refers to funds made available mainly through financing mechanisms established after the 2008 food price crisis.

- The programme of work is delivered through loans, DSF grants and regular grants. Some 37 to 39 projects and programmes and nine supplementary loans and grants are currently being prepared for approval. IFAD expects to meet its IFAD8 commitment to provide between 40 and 50 per cent of financing to sub-Saharan Africa. Several projects and programmes planned for 2012 expect to mobilize cofinancing from the Spanish Trust Fund (currently proposals are being contemplated for Brazil, Cape Verde, Kenya, Lebanon, Mauritius, Mexico, Swaziland, Tunisia and the Bolivarian Republic of Venezuela). The anticipated value distribution of the programme of loans and DSF grants among the thrusts established in the Strategic Framework is shown in the following chart. In order of size, they are: agricultural technology and effective production services (31 per cent); natural resources – land and water (25 per cent); competitive agricultural inputs and produce markets (16 per cent); rural, off-farm employment and

enterprise development (13 per cent); financial services (10 per cent); and local and national policy and programming processes (5 per cent).

Planned distribution of 2012 lending and DSF grants by IFAD strategic objectives (as of 27 June 2011)



3. The estimated number of global/regional and country grants in 2012 is 70, for a total of US\$78 million. Principal outputs of the regular grant programme are: innovative activities; awareness, advocacy and policy dialogue; capacity of partner institutions strengthened; lessons learned and knowledge management of services in support of poor rural people; and knowledge management and dissemination of information on issues related to rural poverty reduction.

II. IFAD's administrative budget

A. Historical allocation policy, budget levels and results

4. Successive IFAD administrative budgets – and allocations to the Programme Development Financing Facility (PDFF), which was integrated into the administrative budget in 2010 – have reflected the absolute priority placed on achieving development impact through an expanded programme of work and project portfolio. Resource increases have been consistently focused on directly supporting project development and implementation (i.e. cluster 1), albeit more slowly than increases in the programme of work. In all other areas, encompassing support activities that make the work of cluster 1 possible, the aggregate budgeted level of staffing and the real level of non-staff costs have been kept on a zero or, more recently in 2011, a real decrease basis.
5. In 2009, the total approved administrative budget and PDFF was US\$115.3 million. Reflecting the increased programme of work agreed for the IFAD8 period, real increases in the integrated administrative budget of 4.4 per cent and 5.4 per cent were approved for 2010 and 2011, respectively – compared with equivalent increases in the planned programme of work of 12 and 25 per cent. The real increases were dedicated entirely to strengthening country programme development and implementation. Thus the real increases for cluster 1 expenditures were 7.5 and 11.4 per cent for 2010 and 2011, respectively – compared with the other components of administrative budget outside of cluster 1, which experienced zero real growth for 2010 and a real decrease of 3 per cent for 2011.

6. Real increases in the budget for country programme development and implementation (cluster 1) have supported rapid expansion in the delivery of new loan and grant commitments during the IFAD8 period. It is important to note that support for implementation of the existing portfolio of projects and grants (including loan and grant supervision) is a major element of activities under cluster 1. In addition to increased volumes, significant progress has also been made in qualitative factors. In relation to the Results Measurement Framework (RMF) targets for 2012, IFAD is aiming to exceed these targets in certain areas (i.e. effectiveness in thematic areas and projected impact on poverty measures) and is on track to meet other agreed targets by the requested date. It is also focusing on areas where improvement is required, such as the loan disbursement rate and project sustainability.
7. In addition to the real increases noted above, further increases of 3.2 and 1.1 per cent were authorized for 2010 and 2011, respectively, to offset inflation and the estimated increase in staff unit costs. The total nominal value of the administrative budget for 2011, taking into account the overall real increase, adjustment for inflation, and predicted average exchange rate (US\$1: EUR 0.72) was US\$140.59 million (table 2).
8. As Management is currently reviewing the long-term classification of elements of the administrative budget related to technical assistance and project design and implementation – in the context of discussions held during the Consultation on the Ninth Replenishment of IFAD’s Resource – table 2 also provides an estimate of the level of these costs included in the administrative budget in recent years. The rationale for reviewing a separate disclosure is that the current IFAD administrative budget (after integration of the PDFF) includes a significant cost that actually relates to providing technical assistance and other services to Member States, and which is not administrative in nature. Management is proposing to present a separate paper to the Executive Board on this topic.

Table 2

Analysis of the evolution of the administrative budget (including estimates for technical assistance and project design and implementation)

(Millions of United States dollars)

	<i>Approved budget</i>				
	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>
Technical assistance to Member States ^a	15.10	16.30	17.90	20.00	25.00
Project design and implementation	18.70	22.48	24.08	25.72	27.58
Subtotal^b	33.80	38.78	41.98	45.72	52.58
Other administrative costs	67.49	74.11	73.33	86.27	88.01
Total	101.29	112.89	115.31	131.99	140.59

^a Technical assistance to Member States has been estimated at 2.5 per cent of the IFAD core programme of work.

^b The subtotal for technical assistance and project design and implementation for the period 2007 to 2009 is equal to the approved amount of the PDFF, which was integrated into the administrative budget in 2010. As a result, the amounts shown in the above table for 2010 and 2011 are estimates only.

B. Estimated administrative budget allocations for 2012

Medium-term Plan

9. The final version of IFAD’s rolling Medium-term Plan (MTP) was presented for the first time to the Executive Board at its September 2010 session for the period 2010 to 2012. An updated MTP 2011-2013 was presented to the Executive Board in May 2011.
10. The programme of work and the administrative and capital budgets for 2012 represent an annualized tranche of the implementation of this plan. Accordingly, the corporate development and operational objectives for 2012 are to:

- (a) Achieve the mandated US\$3.0 billion target of IFAD8 by: delivering the largest-ever annual work programme of new IFAD loans and grants of US\$1.2 billion) in better designed projects (as measured by RMF level 4 indicators); and mobilizing an additional US\$1.8 billion in regular cofinancing and US\$0.65 billion in other funds under IFAD's management;
 - (b) Maintain and improve the quality of implementation (as measured by RMF level 4 start-up and implementation indicators) of the growing portfolio of ongoing projects to achieve greater impact (as measured by level 2 indicators); and
 - (c) Ensure that IFAD is geared up to deliver the projected total programme of loans and grants for 2013, estimated at US\$1.3 billion (or US\$1.4 billion including regular grants) – subject to a successful Ninth Replenishment of IFAD's resources (IFAD9) outcome – while ensuring minimal increases in the administrative budget.
11. IFAD's corporate internal management objectives for 2012 are to make the operational objectives achievable through: successful resource mobilization and asset management to meet the requirements of the programme of work; human resource management to support key development and administrative functions at headquarters and in country offices; a results and risk management system to ensure overall focus, performance and coherence; and an information technology platform that provides the real-time data, automated processes and communications needed for the above (as measured by level 5 indicators).

Raising efficiency and zero-based budgeting

12. In the context of IFAD's zero-based budgeting exercises, the first of which was performed last year, initial results were seen in areas where decisions can take immediate effect without involving complex process and personnel changes. For example, changes to staff entitlements (i.e. home leave, staff compensation plan) and travel management implemented near the end of 2010 provided an estimated US\$2.5 million to 3.0 million during 2011. In addition, the freeze in automatic increases in staff salaries for General Service staff applied in 2011 also demonstrated Management's commitment to cost efficiency.
13. As staff and consultants represent some 80 per cent of IFAD's budget, any significant long-term drive for tangible efficiency gains must focus on IFAD's workforce, specifically in terms of identifying the appropriate, correct unit cost and enhancing productivity. IFAD has already made significant progress in this regard by taking steps towards a more decentralized model and placing increasing reliance on nationally recruited staff, as well as decentralizing existing staff. In addition, Management is also focusing on reducing the level of support required for transaction processing via process streamlining and automation. Key examples of these include: (i) the Loans and Grants System (LGS) project, where one aim is to reduce time spent on processing transactions to focus more on value-added areas; and (ii) upgrading of the core PeopleSoft system, where the streamlining of existing processes is being reviewed. In the context of productivity, a number of key initiatives have been instigated by Management in 2011 under the umbrella of 'change and reform', including enhancing staff performance assessments and increasing the flexibility of staff contracts. Finally, a number of independent reviews are ongoing in the human resource, finance and information technology areas. Of particular interest is a review of IFAD efficiency being carried out by the Independent Office of Evaluation of IFAD with the assistance of external consultants. The outcome of this review will be reflected in future iterations of the administrative budget proposal.

Results-based budgeting

14. Since 2006 IFAD has implemented a comprehensive internal system of results-based management and performance monitoring, one product of which is the

annual Report on IFAD's Development Effectiveness (RIDE). Since 2010, and in accordance with the IFAD8 recommendations, the administrative budget has been structured within a results-based budgeting system that aligns IFAD's budget resources with its development results and key activity areas.

15. These key areas are: country programme development and implementation (cluster 1); high-level policy dialogue, resource mobilization and strategic communication (cluster 2); corporate management, reform and administration (cluster 3); and support to members' governance activities (cluster 4). In addition, within the corporate cost centre, IFAD groups two expenditures over which it exercises little direct, immediate control: depreciation and its contribution to the After-Service Medical Coverage Scheme.

2012 administrative budget proposal

16. The current year's budget proposal, with an indication of the relative weight of the activity clusters in the administrative budget, is set out in table 3.

Table 3

Analysis of percentage share of administrative budget by results cluster, 2011 and 2012
(Millions of United States dollars)

<i>Results cluster</i>	<i>2011</i>	<i>2012</i>	<i>Percentage share 2011</i>	<i>Percentage share 2012</i>
1 Country programme development and implementation	86.36	89.84	61.4%	62.4%
2 High-level policy dialogue, resource mobilization and strategic communication	9.87	9.87	7.0%	6.8%
3 Corporate management, reform and administration	31.74	31.74	22.6%	22.0%
4 Support to members' governance activities	10.52	10.52	7.5%	7.3%
Corporate cost centre	2.10	2.10	1.5%	1.5%
Total	140.59	144.07	100%	100%

17. A summary of the rationale of the distribution of IFAD's administrative budget proposals by cluster, in order of their weight within the total budget, is as follows:
- To support the planned 20 per cent increase in the programme of work relative to the indicative programme of work for 2012 (and the much larger increase in the work programme through partnerships that place external funds effectively under IFAD's Management), it is proposed that the administrative budget allocation for country programme development and implementation (cluster 1 of IFAD's results and process matrix) increase by 1.5 per cent in real terms (a nominal increase of US\$3.48 million);
 - The allocation for corporate management, reform and administration (cluster 3) would decrease in real terms by 2.5 per cent, resulting in the weight of this cluster in the overall budget reducing from 22.6 per cent to 22 per cent. The rising requirement to service the expanding programme of work and the project portfolio, due to increased activity levels, would be satisfied on the basis of cost savings and resource reallocations;
 - The administrative budget allocation for support to member's governance activities (cluster 4) would decrease by 2.5 per cent in real terms, even though a significantly expanded workload is foreseen for 2012; and
 - Notwithstanding the growing demand for resource mobilization to meet IFAD's ambitious cofinancing targets, as well as the cost of changing the competencies profile within the recently established Office of Strategy and Knowledge Management, the budget allocation for high-level policy dialogue,

resource mobilization and strategic communication would decrease in real terms by 2.4 per cent.

18. Table 4 provides a summary of the proposed administrative budget by cluster and the corporate cost centre, before and after price increases (see paragraphs 29 and 30).

Table 4

Analysis of nominal and real administrative budget increases for 2012

(Millions of United States dollars)

<i>Results cluster</i>	<i>2011</i>	<i>2012</i>	<i>Nominal increase</i>	<i>Real increase/ (decrease)^a</i>	<i>Nominal increase %</i>	<i>Real increase/ (decrease)^a %</i>
1 Country programme development and implementation	86.36	89.84	3.48	1.33	4.0%	1.5%
2 High-level policy dialogue, resource mobilization and strategic communication	9.87	9.87	0	(0.24)	0%	(2.4%)
3 Corporate management, reform and administration	31.74	31.74	0	(0.78)	0%	(2.5%)
4 Support to members' governance activities	10.52	10.52	0	(0.26)	0%	(2.5%)
Corporate cost centre	2.10	2.10	0	(0.05)	0%	(2.4%)
Total	140.59	144.07	3.48	0	2.5%	0%

^a Real increase at 2011 prices and exchange rate.

C. Operational objectives for 2012**Country programme development and implementation (cluster 1)**

19. The main objectives of cluster 1 are to design the projects and grants that constitute the programme of work, and to support implementation of IFAD's growing portfolio of approved projects. IFAD aims to increasingly deploy innovative solutions for sustainable rural development and to scale up successful pilot operations that will address new challenges in the context of countries' rural development programmes. It will also seek expanded partnerships with other sources of finance.
20. Since the adoption of the IFAD Policy on Supervision and Implementation Support by the Executive Board in 2006 (document EB 2006/89/R.4/Rev.1), Management has moved swiftly to convert projects under the supervision of cooperating institutions to IFAD's own supervision. It is expected that by 2012 all IFAD-financed projects will be directly supervised by the Fund, except those jointly supervised with a qualifying cofinancier. IFAD is focusing on improving its capacity to provide high-quality supervision, implementation and loan administration support to achieve more-rapid project impact within the framework of direct supervision. In 2010, particular focus will be placed on improving the disbursement rate of projects and on overcoming issues causing project start-up delays.
21. IFAD's country offices are playing a vital role in increasing the Fund's responsiveness to country-level demand, policy and programming processes, and engagement with country-level actors. There are currently 30 country offices approved and IFAD intends to increase this to 40 by 2013.
22. As indicated in paragraph 17(a), the activities needed to uphold the increase in the overall work programme and IFAD programme of work for 2012, and rising portfolio implementation support costs, would be financed through a 1.5 per cent real increase in the cluster 1 allocation.

High-level policy dialogue, resource mobilization and strategic communication (cluster 2)

23. As set out in the MTP, IFAD is in the process of instituting new advocacy and communication strategies to guide and coordinate the units engaged in advocacy and policy dialogue, and to build its capacity to attain operational objectives and identify instrumental opportunities to influence policy at national and global levels. During the MTP period, IFAD aims to maximize the use of field-level information, strengthen practice and thematic groups, involve outside reviewers of IFAD projects, continue to disseminate IFAD publications, scale up successful innovations, encourage South-South knowledge-sharing, and partner with other institutions. The newly established Office of Strategy and Knowledge Management leads IFAD's focus on this cluster. In relation to resource mobilization, in 2012 IFAD will concentrate on developing even more cofinancing mechanisms to access greater resources for smallholder agriculture. Although its support to the operational area is very important, it is proposed that this cluster receive a real decrease of 2.4 per cent for 2012.

Corporate management, reform and administration (cluster 3)

24. The purely administrative portion of the administrative budget is considerably smaller than the operational portion, and in recent years its weight in the total administrative budget has been decreasing, while the activities required to support a growing programme of work are increasing. The key areas of focus in this cluster are: ensuring the provision of timely, high-quality services in response to higher demand for recruitment of staff and consultants; financial management; organization of travel and documents; provision of office and meeting space; supply of day-to-day computing and communications; and administrative support for country presence and direct supervision.
25. The priority areas included in this cluster are:
- (a) **Human resource management.** Tasks in this area include: (i) pursuing the corporate human-resource-management agenda in the context of a strategic approach to workforce planning and management; (ii) implementing the outcome of a job audit that is currently taking place within IFAD; (iii) strengthening the effective impact of IFAD's performance evaluation system on staff productivity; (iv) introducing a strategic balance among the different workforce regimes managed by IFAD; and (v) streamlining and automating human resource management workflows to permit a shift in the focus of activities away from administration.
 - (b) **Financial management.** Following a recent external review of IFAD's financial operations, it was determined that IFAD needed to build a financial operations framework equipped to meet the increasing complexity of its financial structure. As a result, swift action was taken by Management during 2011 with the establishment of a Financial Operations Department (FOD), headed by a Chief Finance Officer. In 2012, the primary focus will be on further increasing the robustness of financial management within IFAD to ensure that the organization is fully prepared to meet challenges such as: (i) mitigating the risk of ever-increasing volatility of the financial markets by introducing proactive and intensive monitoring and management of IFAD's financial assets; (ii) enhancing support to the operations area to maximize IFAD's development effectiveness, while ensuring a focus on efficiency across the organization; (iii) introducing new financial management processes to support the increasing importance of accessing alternative sources of funding; (iv) reviewing the financial instruments offered by IFAD to reflect the changing external environment in which the organization operates; (v) addressing the increased fiduciary responsibilities of IFAD as a result of the direct supervision of project implementation and increasing country presence; and (vi) increasing stakeholder confidence in IFAD's financial

administration and reporting controls by ensuring clean audit opinions are obtained on financial statements and on the management assertion on internal controls over financial reporting.

- (c) **Information and communications technology (ICT).** In the MTP period 2011 to 2013, IFAD will continue to optimize its ICT infrastructure to guarantee continuous availability of corporate application systems and ICT service. With the objective of ensuring modern ICT support to its operations, IFAD has commissioned an external review of the adequacy of its ICT service and capital investments in terms of scope, structure, resources and processes. The primary focus for 2012 will be to implement the recommendations of this review. In parallel, IFAD will continue to enhance its ICT business continuity and disaster recovery solutions, as well to ensure that ICT services to the field are on a par with those received at headquarters.
- (d) As indicated in paragraph 17(b), these improvements will be financed from internal efficiencies and identified savings. A real decrease in the administrative budget allocation of 2.5 per cent is proposed for this cluster.

Support to members' governance activities (cluster 4)

26. Cluster 4 activities support IFAD's governance by promoting effective relationships between the Fund and Member States within governing bodies. These expenditures account for a substantial part of the administrative budget, although they are not strictly speaking part of IFAD's administration. There are extensive requirements to provide documentation, translation and interpretation, well-structured and serviced meetings, protocol support and communications – and these demands are ever increasing.
27. However, these increased activities will be financed from internal savings and identified efficiencies. A real decrease of 2.5 per cent in the administrative budget allocation for this cluster is proposed.

D. Aggregate administrative budget allocations for 2012

28. The total administrative budget proposed for 2012 at the exchange rate used to develop the administrative budget for 2011 is US\$144.07 million (see table 4). Of this total, US\$141.97 million is for activities under clusters 1 to 4, and US\$2.1 million for expenditures under the corporate cost centre.
29. As indicated in table 5, the nominal increase of US\$3.48 million reflects a zero real increase, with the full amount of US\$3.48 million accounted for by price increases. IFAD adjusts real cost projections to generate nominal values using two sets of prices: staff prices and other. Changes in staff prices are determined by variations in the elements of standard staff costs, of which salary is but one element (see annex). By the express policy approved by the Executive Board¹, IFAD follows the methodology of the United Nations Common System for salaries and benefits levels.
30. Based on the most up-to-date revised price increase information presented by FAO in May 2011 to its members, the FAO biennial rate of 3.8 per cent (revised down from 4.9 per cent earlier in the year) for staff-related costs is equal to a 2.6 per cent inflationary increase for 2012 staff costs. Similarly, the FAO biennial rate of 3.4 per cent (revised down from 4.4 per cent) for non-staff costs is equal to a 2.3 per cent inflationary increase for 2012 non-staff costs. IFAD Management has aligned itself directly with these FAO inflation factors when preparing the 2012 administrative budget proposal.

¹ EB 2004/82/R.28/Rev.1, *Human Resources Policy*, para. 9.3.

Table 5

Factors contributing to the nominal level of the administrative budget: price factors, exchange rates and real changes

(Millions of United States dollars)

	2011	Real increase	Price increase	2012
Administrative budget	140.59	0	3.48	144.07
Percentage contribution to the increase	100%	0%	2.5%	102.5%

Efficiency ratio

31. In IFAD's RMF, an administrative efficiency ratio, calculated by dividing the administrative budget by the programme of loans and grants, was introduced and an efficiency target of 13.5 per cent was set for 2012, compared with 16.5 per cent (planned) in 2010. Assuming a constant exchange rate, the proposed administrative budget for 2012 would post a 12 per cent efficiency ratio under the narrow definition of the ratio between the administrative budget and the IFAD programme of work. Under a broader definition of the ratio combining the IFAD programme of work and external resources to be committed and managed by IFAD, the ratio would be approximately 7.8 per cent (table 6). In addition, Management is planning to assess the organization's performance on efficiency against the efficiency indicators used across comparator agencies.
32. In the event that the technical assistance and project design and implementation costs were treated as part of the programme of work and not as the administrative budget, then the efficiency ratio under the broader definition would fall even further to 4.66 per cent. However, it is understood that the use of this broader ratio will be subject to IFAD9 negotiations and it is provided here for information only.

Table 6

Evolution of the ratio between the administrative budget and the planned commitment level

(Millions of United States dollars)

	Approved budget					Proposed 2012
	2007	2008	2009	2010	2011	
Technical assistance and project design and implementation ^a	33.80	38.78	41.98	45.72	52.58	58.91
Other administrative costs	67.49	74.11	73.33	86.27	88.01	85.16
Total	101.29	112.89	115.31	131.99	140.59	144.07
Programme of work	605.0	650.0	715.0	800.0	1 000.0	1 200.0
Programme of work including other directly managed funds	605.0	650.0	915.0	1 050.0	1 500.0	1 850.0
<i>Efficiency ratio (IFAD programme of work)</i>	16.74%	17.37%	16.13%	16.50%	14.06%	12.01%
<i>Efficiency ratio (total programme of work)</i>	16.74%	17.37%	12.60%	12.57%	9.37%	7.79%
<i>Efficiency ratio (technical assistance and project design and implementation included in total programme of work)</i>	10.57%	10.76%	7.66%	7.87%	5.67%	4.46%

^a The amounts relating to technical assistance and project design and implementation for the period 2007 to 2009 are equal to the approved amount of the PDFF, which was integrated into the administrative budget in 2010. As a result, the amounts shown in the table for 2010 and 2011 are estimates only.

E. Comparison of proposed programme of work and administrative budget to original Medium-term Plan projections (2010 to 2012)

33. In September 2009, IFAD Management presented the Executive Board with projections of key financial variables and measures for IFAD8 (table 7). As the first MTP period draws to a close, it is important to compare actual performance with the initial MTP projections for the programme of work and administrative budgets for the period 2010 to 2012.
34. A comparison is set out in table 7 and key elements can be summarized as follows:
- There has been no change in planned delivery of the programme of work over the MTP period, reflecting the operational success achieved in relation to the capacity to deliver the mandated US\$3 billion target.
 - The real increase in the total administrative budget for the MTP has been less than originally envisioned. For each of the three years in the period 2010 to 2012, real increases in the total administrative budget of 4.0 per cent, 6.5 per cent and 6.0 per cent were originally envisioned. The actual real increases approved for 2010 and 2011 were 4.4 per cent and 5.4 per cent, respectively, while for 2012 only 1.5 per cent is being proposed instead of the originally envisioned 6 per cent real increase. This significant reduction to the real increase in 2012 reflects the drive for administrative efficiency, led by Management and supported by IFAD's Member States.
 - The real increase in the cluster 1 element of the total administrative budget for the MTP has reflected the request of the Executive Board that increases be focused solely on operational areas at the expense of other clusters. This is most evident in 2011, where the original MTP predicted an increase of 9 per cent in cluster 1 and an aggregate increase of 2 per cent across all other clusters. Based on direct feedback from the Board, the actual increase approved for cluster 1 in 2011 was 11.4 per cent, while all other clusters incurred a real decrease of 3.0 per cent. Similarly, in 2012 a real decrease of 2.5 per cent is being proposed for all other clusters versus an MTP projection of an annual real increase of 2.0 per cent.

Table 7
Indicative medium-term projections for the programme of work and administrative budget, 2010-2012
(Millions of United States dollars)

	<i>2010 original MTP projection</i>	<i>2010 approved</i>	<i>2011 original MTP prediction</i>	<i>2011 approved</i>	<i>2012 original MTP prediction</i>	<i>2012 proposed</i>
Programme of work	800.00	800.00	1 000.00	1 000.00	1 200.00	1 200.00
Total administrative budget ^a	125.15	124.04	139.03	140.59	153.63	144.07
Real increase in total administrative budget	4.0%	4.4%	6.5%	5.4%	6.0%	0%
Real increase in cluster 1 budget	7.0%	7.5%	9.0%	11.4%	8.0%	1.5%
Real increase/decrease in aggregate budget for clusters 2, 3 and 4	0%	0%	2.0%	(3.0%)	2.0%	(2.5%)

^a The medium-term projections prepared in September 2009 used an exchange rate of US\$1: EUR 0.79, while the 2010 budget was actually approved at the exchange rate of US\$1: EUR 0.72.

F. Supplementary funds and corresponding administrative fees

35. In the context of the strategy of mobilizing partnerships for rural development and poverty reduction, and independently of the newly emerging financing partnerships referred to in part one, paragraph 1, IFAD implements and manages a number of operations with third parties that are external but complementary to the programme of work. These operations are financed from supplementary funds or on a similar basis. Engaging in these partnership activities involves additional costs to IFAD in design, implementation, supervision and administration. These costs are funded from administration fees provided for in each separate agreement and do not represent claims on the administrative budget. The total estimated expenditure to be funded from such fees in 2012 is estimated to be US\$9 million, which compares with fees earned and allocated in 2011 amounting to some US\$8 million.

G. Capital budget for 2012

36. As in prior years, IFAD will report on the performance of projects funded under the capital budget at the December session of the Executive Board. Proposals for new capital budget projects will be presented at the same time. In the light of the fact that the significant cost of the LGS project was approved in 2011, it is not expected that a capital budget exceeding US\$5 million will be proposed for 2012.

H. Change and Reform Agenda one-time budget

37. Underpinning its programme of work is IFAD's Change and Reform Agenda, an initiative launched in 2009 that systematically builds IFAD's capacity to deliver value-adding and catalytic development services at higher volumes each year. Assisted by external reviews, Management has identified change and reform initiatives under five interlocking pillars: strengthening management capacity and streamlining decision-making processes; deepening the human resource reforms initiated under the Seventh Replenishment Consultation; strengthening financial services; increasing transparency and accountability; and introducing new resource allocation/planning instruments to align resources with strategic objectives and results. To implement the Change and Reform Agenda, Management has initially estimated that a one-time budget of US\$1.5 million will be required in 2012. Further details of this budget proposal will be provided at the December session of the Executive Board as change and reform plans for 2012 become more concrete.

Preview of the results-based work programme and budget for 2012 and indicative plan for 2013-2014 of the Independent Office of Evaluation of IFAD

I. Introduction

1. As requested by the Executive Board, the Independent Office of Evaluation of IFAD (IOE) has prepared its fourth three-year rolling evaluation work programme. The document contains a preview of IOE's work programme and budget for 2012 and indicative plan for 2013-2014. Similar to last year, IOE has followed the results-based work programme and budget approach and linked its resource requirements to the achievement of key results.²
2. As in the past, the proposed independent evaluation work programme has been developed in consultation with the IFAD President and the Programme Management Department (PMD), including discussions with the regional divisions and the Policy and Technical Advisory Division. In the coming weeks, IOE will analyse in detail the implications of the planned evaluations on its human and financial resources for 2012. The results of this analysis, including the final proposed list of evaluations, will be presented to the Evaluation Committee at its October 2011 session.
3. This proposal comes at a time of major corporate reforms in IFAD, and follows internal changes within IOE resulting from the Peer Review of IFAD's Office of Evaluation and Evaluation Function³ and the adoption of the revised Evaluation Policy. Last year, IOE underwent a major strategic reorientation, making adjustments to ensure high-quality, timely and useful independent evaluations that provide value for money. This year the division will continue to build on these efforts to ensure that independent evaluations can further enhance IFAD's contribution to rural poverty reduction globally.
4. This document has six sections. Section II includes an overview of key developments in the external and internal context and the implications for IOE. Section III describes IOE's objectives,⁴ IOE's divisional management results (DMRs) and their linkages with IFAD's corporate management results (CMRs).⁵ Section IV summarizes the achievements with regard to the 2011 evaluation work programme under each objective, whereas section V focuses on the proposed activities for 2012-2014. Section VI outlines the proposed 2012 budget and human resources needed for IOE to implement its evaluation activities and achieve the divisional management results and objectives.
5. Following the incorporation of comments made by the Evaluation Committee at its sixty-eighth session in July 2011 and based on guidance and comments provided by the Audit Committee and the Executive Board during their sessions in September 2011, IOE will prepare a comprehensive results-based work programme and budget for 2012 and indicative plan for 2013-2014, for discussion with the Evaluation Committee at its sixty-ninth session in October. The same document will be discussed by the Executive Board in December 2011. Prior to this, as in the

² IFAD introduced its first results-based annual programme of work and administrative budget in 2010.

³ The Peer Review was undertaken by the Evaluation Cooperation Group of the multilateral development banks, and the final report was presented to the Executive Board in April 2010.

⁴ This is the second year that IOE has followed the results-based management approach by identifying its core objectives and results as well as the activities necessary to achieve those results and objectives.

⁵ IFAD has 10 corporate management results, aimed at sustaining the Fund's strategic objectives. These are applied across the organization, according to their relevance to each division's programme of work. Following IFAD's results-based management approach, IOE has also identified its divisional management results, which aim at sustaining the division's proposed objectives.

past, the budget proposal will be considered by the Audit Committee in November 2011, together with the administrative budget of IFAD for 2012.

II. An evolving environment

6. This results-based work programme and budget has been developed after carefully considering key developments in the external context, the evolving strategic directions as well as the change and reform agenda within IFAD, the new business model of the Fund, and the revised Evaluation Policy and Terms of Reference and Rules of Procedure of the Evaluation Committee which were adopted in May 2011.
7. **Changes in external environment.** There is growing recognition by IFAD of the diversity that exists among recipient Member States (e.g. lower-middle-income, middle-income and upper-middle-income countries; and fragile states, including countries affected by conflict and natural disasters and highly indebted countries). As a result, IOE will need to conduct evaluations within a wide range of country contexts, each requiring its own tailored methodology. Climate change, the growing importance of private-sector investment in agriculture, and the improved prospects for South-South cooperation all require particular attention, and IOE will need to develop measures that better capture the results, impact and performance of IFAD operations in these areas. Joint evaluations continue to receive greater attention as a result of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.
8. **IFAD's internal evolving context.** IFAD is going through major corporate reform. Some of the initiatives associated with this were discussed in last year's document and continue to have implications for IOE's work. They include human resources reform, wider country presence, and greater emphasis on knowledge management and scaling up.
9. The new IFAD Strategic Framework 2011-2015 was approved by the Executive Board in May 2011 and identified several thematic areas that are important for IOE to consider in developing its evaluation work programme for the coming years. The enhanced IFAD business model with its focus on , inter alia, policy dialogue, strategic partnerships and internal efficiency, also reveals areas that require independent evaluation to further the Fund's development effectiveness in the Ninth Replenishment of IFAD's Resources (IFAD9) period.
10. IFAD's self-evaluation system is gradually improving, even though its quality still varies across regions and countries. In this regard, and as recognized in the revised IFAD Evaluation Policy, it is important for IOE to continue working closely with Management, for example by undertaking specific evaluation work devoted to assessing the design and functioning of the self-evaluation system, or any of its components; by providing comments and advice for enhancing IFAD's self-evaluation capacity; and by conducting the validation of project completion reports.
11. **Internal changes within IOE.** IOE made a presentation to the second session of the IFAD9 Consultation in June 2011. It identified six strategic and corporate priorities and challenges for the IFAD9 period: (i) promoting gender equality and women's empowerment; (ii) strengthening partnership with the private sector; (iii) enhancing IFAD's institutional and project efficiency; (iv) improving analytical capabilities; (v) strengthening country presence as well as direct supervision and implementation support; and (vi) developing a consistent approach for mobilizing counterpart funding from recipient Member States. These six priorities will require attention by IOE when developing its 2012 work programme.
12. The revised Evaluation Policy provides a platform for strengthening the existing collaboration between Management and IOE in addressing the key challenges identified through independent evaluation work. Among the implications for IOE is

the need to devote proportionately more resources to higher-plane evaluations,⁶ undertaking specific evaluations to assess key corporate business processes and functions such as direct supervision and implementation support, quality enhancement and quality assurance. Furthermore, the revised Evaluation Policy requires IOE to contribute to IFAD's knowledge management, develop further the evaluation learning loop and produce evaluation syntheses. The latter aim to facilitate learning and the use of evaluation findings by identifying and capturing accumulated knowledge on common themes and findings across a variety of situations. Synthesizing existing evaluation material allows evaluation evidence to be packaged and fed into the decision-making process when neither the time nor the resources are available to undertake a full-fledged evaluation.

13. IOE became a full member of the Evaluation Cooperation Group (ECG) of the multilateral development banks in November 2010.⁷ IOE's membership commits the division to invest specific resources and ensure adequate engagement in ECG activities. The ECG membership is also generating opportunities for strengthening mutual learning and knowledge sharing with other members of the group. For example, among other activities, the ECG is in the process of revising the good practice standards on evaluating public-sector operations, which is expected to have implications for IOE's evaluation methodology and processes in the future.

III. IOE's results chain

14. IOE has two strategic objectives for its 2012 work programme and indicative plan for 2013-2014. The objectives are as follows:
 - (i) **Strategic objective 1: Contribute to improving the performance of corporate policies and IFAD-funded operations.** This strategic objective reflects the twofold purpose of the independent evaluation function at the Fund, namely to promote accountability and results assessment, as well as learning to improve the performance of IFAD policies and IFAD-supported operations. A rigorous and state-of-the-art methodology for evaluation and effective interactions with IFAD governing bodies is an essential instrument to achieve this strategic objective.
 - (ii) **Strategic objective 2: Promote effective knowledge management and learning.** The aim of this strategic objective is to promote evaluation feedback on cross-cutting themes and issues of corporate priority and interest to IFAD and the development community. The knowledge management and learning activities proposed under this strategic objective therefore are more wide-ranging than the learning promoted under strategic objective one, which is specific to individual country programmes and/or projects financed by IFAD.
15. Robust internal financial systems, human resources management and administrative processes are critical for the timely and cost-effective achievement of these objectives and delivery of the annual work programme. These are required instruments for IOE's regular operations and therefore activities of this nature will be undertaken within the framework of the two strategic objectives.
16. Following the results-based budgeting approach, seven DMRs have been defined for the two IOE strategic objectives. The DMRs will allow the division to track the implementation progress and effectiveness of its work programme and report on the achievement of its strategic objectives. The following table summarizes the

⁶ Higher-plane evaluations include corporate-level evaluations (CLEs) and country programme evaluations (CPEs).

⁷ The ECG was established by the heads of evaluation of multilateral development banks in 1996 and aims to strengthen the use of evaluation, share lessons from evaluations, harmonize and promote collaboration between evaluation units, and build the evaluation capacity of borrowing member countries.

proposed DMRs, the strategic objectives and their linkages with the CMRs. A visual representation of the IOE's results chain is included in annex VI.

Table 1

IOE's divisional management results, objectives and linkages with IFAD's corporate management results

<i>IOE DMRs</i>	<i>IOE objectives</i>	<i>Linkages with IFAD CMRs</i>
DMR 1: Annual reports on the results and impact of IFAD operations (ARRIs) and CLEs that provide concrete building blocks for the development and implementation of better corporate policies and processes		
DMR 2: CPEs that serve as concrete building blocks for better results-based country strategic opportunities programmes (COSOPs)	Strategic objective 1: Contribute to improving the performance of corporate policies and IFAD-funded operations	CMRs 1, 2 and 3
DMR 3: Project evaluations that contribute to better IFAD-supported operations		
DMR 4: Methodology development		
DMR 5: Work related to IFAD's governing bodies		
DMR 6: Production of evaluation syntheses and ARRI learning themes	Strategic objective 2: Promote effective knowledge management and learning	CMR 8
DMR 7: Systematic communication and outreach of IOE's work		

IFAD CMRs: CMR 1: Better country programme management; CMR 2: Better project design (loans and grants); CMR 3: Better supervision and implementation support; CMR 4: Better financial resource management; CMR 5: Better human resource management; CMR 6: Better results and risk management; CMR 7: Better administrative efficiency and an enabling work and information and communications technology (ICT) environment; CMR 8: Better inputs into global policy dialogues for rural poverty reduction; CMR 9: Effective and efficient platform for Members' governance of IFAD; CMR 10: Increased mobilization of resources for rural poverty reduction.

17. In line with IFAD's results-based budget approach, the 2012 IOE budget (staff and non-staff costs) has been earmarked against each DMR and each strategic objective (see table 3, annex V for details).

IV. Highlights of the 2011 work programme

18. **One-time activities in 2011.** IOE undertook two major one-time tasks in 2011 as part of the action plan for the implementation of the recommendations of the Peer Review of IFAD's Office of Evaluation and Evaluation Function. These were: (i) preparation of the revised IFAD Evaluation Policy; and (ii) contribution to the revised Terms of Reference and Rules of Procedure of the Evaluation Committee prepared by IFAD Management. Both of these documents were approved by the Executive Board in May 2011.
19. With regard to regular evaluation activities overall, by the end of the year, IOE expects to have implemented all the activities planned under the 2011 work programme. Details of the implementation progress of evaluations planned in 2011 are provided in annex I.

Strategic objective 1: Contribute to improving the performance of corporate policies and IFAD-funded operations.

20. The 2011 ARRI – the ninth edition of the document – is under preparation. The report will be discussed first in the Evaluation Committee, and then with the Executive Board in December 2011.
21. IOE presented the final report of the CLE on IFAD's Private-Sector Development and Partnership Strategy to the Evaluation Committee and the Executive Board in April and May 2011, respectively. The CLE on IFAD's efficiency is in full swing. Thus far, the approach paper has been discussed at the Evaluation Committee in March 2011

and the draft inception report is being prepared. This evaluation is scheduled to be presented to the Evaluation Committee and the Executive Board in 2012.

22. IOE is also providing written comments on IFAD's new corporate policies or strategies where it has accumulated evaluative evidence and lessons on the topic. So far, comments have been provided on IFAD's country presence and middle-income country policies. Later in the year, IOE will provide comments on the gender and the private-sector policies, when these policies are submitted to the Executive Board for approval.
23. IOE worked on a number of CPEs in 2011. It completed the Kenya CPE, while the Yemen CPE is being finalized and will be discussed at the Evaluation Committee in October 2011. The CPEs for Ghana, Jordan, Rwanda, Uganda and Viet Nam are under way.
24. IOE will soon start preparatory work for the Nepal CPE, which is scheduled for completion in 2012. In consultation with IFAD Management, the Haiti CPE, planned to start in November this year, will be deferred to a later date given the current challenges of the country context and the uncertain socio-political environment. Instead, IOE will bring forward and start the preparatory work for a CPE in Ecuador, which was originally planned for 2012-2013.
25. In 2011, IOE transformed its approach to project evaluations by undertaking project completion report validations (PCRVs)⁸ and project performance assessments⁹ on a selective basis. This year IOE is working on around 25 PCRVs and seven PPAs¹⁰ (in Burundi, Cambodia, Ghana,¹¹ Jordan, the Philippines, Uganda and Viet Nam). Based on initial reactions, the PCRVs and PPAs are appreciated by IFAD Management, since they highlight lessons for use in the design and implementation of IFAD operations. In particular, the PCRVs serve as an incentive to improve the quality of PCRs, by underlining systemic issues and concerns that need to be addressed by Management in the preparation of PCRs.
26. A new harmonization agreement has been signed between IOE and IFAD Management on self-evaluation and independent evaluation methodologies and processes. This agreement has documented, among other issues, the respective roles and responsibilities of IOE and IFAD Management in ensuring an effective and efficient evaluation system within IFAD. This new harmonization agreement is built upon the 2006 harmonization agreement between IOE and IFAD Management, but includes various new features to reflect the developments in IFAD's independent and self-evaluation functions over the past five years.¹² Since the beginning of 2011, IOE has also started to apply, together with Management, the new template and process for the agreement at completion point.
27. IOE has provided comments on the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA), and the costed action plan prepared by Management in response to a recommendation of the Peer Review. In June, staff from IOE and PMD attended a one-day workshop organized by the Swiss Agency for Development and Cooperation (SDC) in Berne to

⁸ The PCRv consists of an independent desk review of the project completion report (PCR) and other available and relevant project documentation. The PMD-assigned ratings for project performance are reassessed, revealing any "net disconnect" in reporting on results generated, respectively, through independent and self-evaluation systems.

⁹ The project performance assessment (PPA) is undertaken for a selected number of projects that have undergone a PCRv. It includes a focused field visit. The purpose of the PCRVs and PPAs is to assess the results and impact of IFAD-funded projects and to generate findings and recommendations that can inform the other projects funded by IFAD.

¹⁰ This is one PPA more than planned, given the need to enhance the evidence base for the planned CPEs in the same countries.

¹¹ The Ghana PPA was undertaken jointly with the Operations Evaluation Department of the African Development Bank, which is a cofinancier of the project. The Operations Evaluation Department provided input for the evaluation's terms of reference and also comments on the draft final report.

¹² Examples of the new features include the requirement that COSOP completion reviews use the same methodology as that used for CPEs, i.e. as per the Evaluation Manual; and the same or equivalent guiding questions as used in assessing each evaluation criterion, as contained in the Evaluation Manual.

exchange experiences on IFAD's self-evaluation system and the use of self-evaluation results for independent evaluation.

28. So far in 2011, IOE has participated in four formal sessions of the Evaluation Committee, as well as the country visit of the Committee to Brazil. It also participated in the May session of the Executive Board, where evaluation-related items were presented, including the private-sector CLE.
29. As an additional activity, in June this year IOE made a presentation to the second session of the IFAD9 Consultation on "Managing for Impact and Improved Performance since IFAD8". As agreed with IFAD Management, another presentation on evaluation issues is planned at the third Consultation session in October.

Strategic objective 2: Promote effective knowledge management and learning.

30. This year, for the first time, IOE introduced a new product: the evaluation synthesis.¹³ IOE is currently working on two such syntheses: (i) Refining IFAD's development and targeting strategies to support poor smallholder farmers; and (ii) Direct supervision and implementation support of IFAD-financed activities.
31. As per past practice, the ARRI devotes due space to learning, in addition to providing an account of the performance and impact of IFAD operations. As agreed with the Board last year, the 2011 ARRI focuses on only one learning theme: direct supervision and implementation support. IOE is preparing the evaluation synthesis on the same topic. This will be discussed with IFAD Management, country programme managers and other staff at a dedicated in-house learning workshop before finalizing the ARRI.
32. IOE continued to strengthen its engagement in several international evaluation platforms and evaluation-related processes. As mentioned above, IOE is now a full member of the ECG and is part of ECG working groups on: (i) revising good practice standards on public-sector operations evaluation; (ii) the review framework for the evaluation function (peer reviews); and (iii) communication. IOE has also been requested to take the lead in organizing a workshop on gender evaluations at the forthcoming ECG annual meeting in November, in cooperation with the World Bank, Asian Development Bank, African Development Bank and the Food and Agriculture Organization of the United Nations (FAO). IOE took part in the 2011 annual general meeting of the United Nations Evaluation Group (UNEG),¹⁴ and is involved in a number of UNEG task forces, for example on (i) impact evaluation; (ii) evaluation of the evaluation function; and (iii) evaluation capacity development. The IOE Director is co-chairing the task force entrusted with establishing new evaluation norms and standards in the United Nations. IOE also participated in meetings of the Network of Networks on Impact Evaluation (NONIE).¹⁵
33. IOE continued to enhance its cooperation with FAO, the World Food Programme (WFP), and other Rome-based agencies. In April, at the biennial Global Assembly of the International Development Evaluation Association (IDEAS) in Amman, IOE organized a dedicated panel discussion with FAO on the corporate-level evaluation on gender equality and women's empowerment, which was completed last year.¹⁶ In September, IOE staff will participate in the "Better Evaluation Initiative", a joint

¹³ An evaluation synthesis identifies and captures evaluative knowledge from a variety of evaluations produced by IFAD and evaluation outfits of other organizations, and presents lessons learned from academic literature and targeted interviews to promote learning and the use of evaluation findings.

¹⁴ UNEG, established in 1984, is a professional network that brings together the heads of units responsible for evaluation in the United Nations system. It currently has 46 members.

¹⁵ Established in 2006, NONIE comprises the evaluation network of the Organisation for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC), the UNEG, the ECG and the International Organization for Cooperation in Evaluation (a network of regional evaluation associations).

¹⁶ During the panel discussion, staff from the Evaluation Office of FAO presented highlights on the methodology and process of its ongoing evaluation on gender.

event of FAO, IFAD, WFP and Bioversity International to share experiences and knowledge among Rome-based evaluators. Later this year, IOE will participate in a knowledge share fair, which is also jointly organized by FAO, IFAD, WFP and Bioversity International, where it will present the results of the private-sector CLE. The purpose of IOE participation in these events is to ensure a wider outreach of evaluation findings and lessons.

34. IOE staff participated in selected in-house committees, teams and events, such as meetings of the Operational Strategy and Policy Guidance Committee (OSC), country programme management teams (CPMTs), and a knowledge fair to ensure that lessons learned from evaluations are adequately shared, discussed and eventually internalized in the development of new IFAD policies, strategies and projects. IOE is also a member of the IFAD Community of Practice on Knowledge Management.
35. IOE is undertaking a thorough review of its evaluation communication and dissemination work in order to define measures and opportunities for promoting broader learning and knowledge sharing. The review reveals, inter alia, the need to embed more thoroughly communication in the evaluation process. This could be done through the preparation of more detailed communication plans for evaluations up front as part of the approach paper; the capturing of human stories from evaluations to use in communication work; and the training of relevant IOE staff in presentation and writing skills.
36. IOE continues to implement measures to strengthen its financial systems, human resource management, and administrative processes. Various measures that have been successfully implemented are now being mainstreamed into IOE's standard practices, such as: streamlining the process for identifying, selecting and managing consultants; defining more clearly the respective roles, responsibilities and standard level of effort of IOE staff and consultants for each type of evaluation; undertaking quarterly stocktaking of the division's overall budget situation; and ensuring compliance with IFAD's financial and human resource rules through detailed internal scrutiny of all proposed financial commitments by the division.
37. The division continues to send its staff on evaluation training courses such as the International Programme for Development Evaluation Training organized by the Independent Evaluation Group of the World Bank and the training courses of the Evaluators' Institute. On-the-job training and knowledge sharing among staff are promoted in order to enhance the skills set of IOE staff.

V. The 2012 results-based work programme and indicative plan for 2013-2014

38. This section charts the proposed activities for 2012-2014 to enable IOE to achieve its DMRs and the strategic objectives contained in table 1. Details of the proposed evaluations for 2012 and the indicative plan for 2013-2014 are provided in annex II. Moreover, as suggested by the Peer Review, annex III contains a list of evaluations included in last year's 2012-2013 indicative work programme that are now proposed to be dropped or for deferral until a later date, and provides the rationale for doing so.

Strategic objective 1: Contribute to improving the performance of corporate policies and IFAD-funded operations

39. **DMR 1: ARRI and CLEs that provide concrete building blocks for the development and implementation of better corporate policies and processes.** In 2012, under this DMR, IOE will work on the CLE on IFAD's efficiency, and prepare the tenth edition of the ARRI. IOE will also start the CLE on direct supervision and implementation support. The latter is timely as by then it will be around six years after the Board's approval of the IFAD policy on the topic.

40. The indicative plan for 2013-2014 includes the preparation of the eleventh and twelfth editions of the ARRI, as well as the undertaking of two further CLEs on: (i) IFAD's approach to policy dialogue and results, to be started in 2013; and (ii) the Revised IFAD Policy on Grant Financing, to be started in 2014 rather than in 2013, as agreed with Management. Deferring the evaluation from 2013 to 2014 will facilitate the assessment of results generated by the policy on the ground. Furthermore, as agreed with IFAD Management, IOE plans to make a systematic contribution to IFAD10 by informing Member States of the results and lessons emerging from independent evaluation.
41. As required by the revised Evaluation Policy and Terms of Reference of the Evaluation Committee, IOE will prepare written comments on selected corporate policy proposals submitted by Management to the Board. IOE will only provide comments on new corporate policies or strategies where it has accumulated evaluative evidence and lessons on the topic. As per past practice, IOE's comments will be submitted for consideration to the Committee and the Board together with the new policy or strategy proposal. The policies/strategies requiring comments by IOE will be more clearly defined later this year as the work programme and budget process advances and the division obtains a clearer idea of the corporate policies/strategies that Management plans to submit to the Board for approval.
42. **DMR 2: CPEs that serve as concrete building blocks for better results-based COSOPs.** Under this DMR, IOE will complete the CPEs in Ecuador, Jordan, Nepal and Uganda. The division will commence CPEs in Burundi, Indonesia, Madagascar, Mali and the Syrian Arab Republic (or Moldova in case the socio-political situation in the Syrian Arab Republic does not improve) for completion in 2013. The indicative plan for 2013-2014 also includes CPEs for the Plurinational State of Bolivia, Guatemala, Pakistan, Senegal, Turkey and Zambia. As in the past, priority will be given to countries with large portfolios and where the IFAD regional division intends to develop a new COSOP after the CPE is completed.
43. **DMR 3: Project evaluations that contribute to better IFAD-supported operations.** In 2012, IOE plans to conduct around 25 PCRVs. This will allow for a relatively rapid expansion over time of the sample size of evaluation ratings available for inclusion in the ARRI, and enable IOE to provide a more reliable account, through the ARRI, of the performance of the IFAD-funded project portfolio, based on a larger sample of evaluated projects.
44. About eight PPAs are planned to be undertaken next year. The criteria¹⁷ for selecting projects for assessment and the methodology and processes that were developed by IOE during the PCRv/PPA pilot exercise in 2010, and enhanced in 2011, will continue to be used.
45. **DMR 4: Methodology development.** Methodology development is not an isolated, one-time activity but rather a continuous process. Therefore, IOE will continue to make adjustments to the Evaluation Manual and to the guidelines for undertaking PCRVs/PPAs to reflect key emerging issues. Efforts and resources will continue to be invested in understanding the proximate causes of performance (i.e. the "why factor"). IOE will also continue to participate actively in ECG, UNEG, NONIE, IDEAS and other evaluation platforms to keep in step with evolving approaches in the international arena for state-of-the-art independent evaluation methodology.
46. The division will contribute to improving the quality of IFAD's self-evaluation system which, as recognized in the revised Evaluation Policy, is critical both for improving IFAD's performance and for conducting independent evaluations. In 2012, IOE will

¹⁷ The selection criteria for PPA are: (i) major information gaps, inconsistencies, and analytical weaknesses in the PCR found by IOE during the validation process; (ii) innovative project approaches; (iii) need to build an evidence base for higher-plane evaluations planned in the future; (iv) geographical balance; and (v) any disconnect between the ratings contained in the PCR and those generated by IOE during the validation process.

continue to work with IFAD Management to further the implementation of the revised harmonization agreement between IFAD Management and IOE regarding self-evaluation and independent evaluation methodologies and processes. Also, through the PCRV and PPA exercises, IOE will gain an overview of the evaluation function within IFAD and produce recommendations to improve the self-evaluation system.

47. As in the past, IOE will review and prepare comments on the PRISMA and the Report on IFAD's Development Effectiveness (RIDE). It will also continue to assess the quality of monitoring and evaluation systems at the project and country level, through its regular evaluation work, and participate in any in-house task forces on results measurement.
48. IOE will contribute to strengthening the evaluation capabilities of Member States by supporting evaluation capacity development (ECD). As requested by the Board, IOE's engagement in ECD will be guided by its priorities and availability of resources. In addition, IOE will continue its engagement in ECD in the context of regular evaluation processes, and will also invite national evaluation associations to participate in core learning partnerships as appropriate. IOE will continue its partnership with government oversight authorities to provide on-the-job training during evaluation fieldwork. IOE is currently exploring the possibility of another presentation of its evaluation methods and processes with the Asia-Pacific Finance and Development Center in China, which is organizing a seminar for the Shanghai International Programme for Development Evaluation Training (a programme supported by the World Bank/Asian Development Bank).
49. **DMR 5: Work related to IFAD governing bodies.** In 2012, IOE will continue to participate in all Evaluation Committee sessions, as per the revised Terms of Reference and Rules of Procedures of the Evaluation Committee. In this regard, the Committee's provisional agenda for 2012 will be considered by members at the session in December. IOE will also participate in the country visit of the Evaluation Committee and share the findings of the related evaluation in the country visited. IOE will participate and make presentations as required in all Executive Board sessions where evaluation-related items are to be presented.

Strategic objective 2: Promote effective knowledge management and learning

50. **DMR 6: Production of evaluation syntheses and ARRI learning themes.** The following syntheses are proposed for 2012-2013: (i) COSOP as an instrument, including its development and implementation process; and (ii) Role of cooperatives in rural development in 2012; (iii) Gender (depending on the outcome of the workshop organized for the ECG in November 2011, see paragraph 32); and (iv) Water management and conservation in 2013.
51. The division will continue its in-depth treatment of a specific learning theme in ARRI each year (for example, the learning theme covered by the 2011 ARRI is direct supervision and implementation support, which is also the topic of the evaluation synthesis). In-house workshops will be organized on the ARRI learning theme and/or the evaluation syntheses selected. The proposal for next year's theme is policy dialogue, as a basis for the corporate-level evaluation on the same topic planned for 2013-2014.
52. **DMR 7: Systematic communication and outreach of IOE's work.** Activities under this DMR include the dissemination of evaluation reports and evaluation Profiles¹⁸ and Insights¹⁹ to Executive Board members and IFAD Management, as

¹⁸ Evaluation Profiles are two-page summaries of the main conclusions and recommendations arising from each IFAD evaluation. They provide a sampling of evaluation results and an incentive for readers to delve deeper and follow up on interesting issues in the full report.

well as to governments and partners in developing Member States. Efforts will be made to regularly update the evaluation section on the IFAD website. Evaluation reports will also be made available through external websites, such as those maintained by the ECG, UNEG and IFAD's regional knowledge networks.²⁰ For selected CLEs and CPEs, IOE will also issue a press release to inform the wider audience of the main results and lessons yielded by these evaluations.

53. In-country learning workshops will be organized for each CPE undertaken to discuss evaluation results and lessons learned with multiple stakeholders. As in the past, learning workshops will be held, but with greater support from the government concerned. This will help lower the costs for IOE and enhance country ownership and follow up. With regard to CLEs, given their institution-wide implications, workshops and informal seminars will be organized with IFAD Management and Board members as appropriate.
54. IOE will continue to participate in IFAD's internal platforms (e.g. OSC and CPMT) to improve the understanding of evaluation lessons and recommendations, as well as the IFAD Community of Practice on Knowledge Management. As per practice over the last two years, quarterly meetings will continue to be held between IOE and the Office of the President and Vice-President to exchange information and share knowledge on emerging evaluation issues. IOE will also participate, where relevant, in knowledge sharing and other learning events in IFAD.
55. IOE will participate actively in the following international evaluation groups: ECG, UNEG, NONIE and IDEAS, and continue to enhance its cooperation with other Rome-based agencies. Together with the FAO and WFP evaluation offices, IOE will organize the 2012 annual UNEG and NONIE meetings in Rome. Moreover, IOE will take part in key international and regional conferences on evaluation, including those organized by selected evaluation societies and associations (e.g. the African Evaluation Association and the European Evaluation Society). The aim of IOE's participation in these platforms is to exchange knowledge and lessons learned, remain engaged in the international debate on evaluation, and network with evaluators from different organizations and from developing countries.
56. IOE will cooperate with the Global Environment Facility and other organizations in conducting a desk review of past independent external evaluations of multilateral development organizations. The aim of this review is primarily to generate lessons, good practices and an overall systematic approach for conducting such evaluations in the future.
57. IOE will continue its partnership with the SDC, which will allow IOE to pilot innovative evaluation methods and processes that cannot be financed through its regular administrative budget.
58. Following an internal review of its evaluation communication and dissemination work in 2011, IOE will define and take additional measures – in the form of “quick wins” and medium- and longer-term gains – to promote broader learning and knowledge sharing, so as to enhance its contribution to IFAD's mission and objectives. Such measures will include the streamlining of the production process for IOE documents, the preparation of communication plans for evaluations at an early stage in the process; a review of IOE's existing communication tools and products, and the adoption of new ways of enhancing the communication and dissemination of evaluative learning both within IFAD and externally.

¹⁹ Evaluation Insights focus on one learning issue emerging from corporate, thematic or country programme evaluations. The hypothesis presented in the insights will form the basis for debate and discussion among development professionals and policymakers within IFAD and outside the institution.

²⁰ Such as ENRAP and FIDAMERICA.

VI. 2012 resource issues

59. **A zero real increase budget in 2012.** IOE's concerted efforts to generate financial savings have made it possible to have a 6.3 per cent real reduction in the 2011 budget. The division is committed to maintain the same level of budget for 2012 in real terms. In this regard, using the inflation factor of 2.5 per cent for both staff cost and non-staff cost, and the exchange rate of US\$1=EUR0.72 – as suggested by IFAD's Budget Unit and applied by the Fund in developing its 2012 annual administrative budget – IOE's budget proposal for 2012 is approximately US\$6 million USD. This reflects a zero increase in real terms.
60. The proposed IOE budget for 2012 is similar to that of 2011 and smaller than in 2009 and 2010. It is well within the cap established by the Executive Board in 2008.²¹ Taking 2006 as the starting year, that cap has been decreasing consistently, although 2007 was an anomalous year in this respect.²² Using another indicator, namely the ratio of IOE's annual budget to IFAD's administrative budget, it is evident that the proportion of IOE's budget has been decreasing steadily since 2009. The proposed IOE 2012 budget is presented, as in the past, by cost category in annex V, tables 1 and 2. In the same annex, table 3 illustrates IOE's results-based budget, in which the total resources required in terms of both staff and non-staff have been earmarked against the seven DMRs. The total resources required to achieve each strategic objective are shown in the same table.
61. **Human resource.** IOE does not plan to request an increase in the number of staff. However, before making the final proposal for the IOE 2012 work programme and budget for consideration by the Evaluation Committee in October 2011, IOE will undertake a more focused assessment of its human resource requirements based on the final list of evaluations proposed for 2012 and the corresponding level of effort required to implement the work programme in a timely manner. Annex IV provides details of the division's human resource requirements for the time being.

²¹ In December 2008, the Board decided that the total IOE budget should remain within 0.9 per cent of IFAD's annual programme of work.

²² Additional resources were required for the implementation of the "one-time" joint evaluation with the AfDB on agriculture and rural development in Africa.

Staff costs

1. The budget for staff costs is prepared in accordance with the rules and regulations applied to salaries, allowances and benefits for staff members of the United Nations, who are largely governed by the recommendations of the International Civil Service Commission (ICSC) of the United Nations Common System.
2. Standard rates are developed for each grade level, based on an analysis of statistical data for the IFAD population and actual expenditures relating to IFAD staff. The various components of the rates represent the best estimates at the time of preparation of the budget document.
3. An overall increase of 2.6 per cent is proposed for the 2012 standard costs, which compares with equivalent increases of 7.8, 4.1 and 0.8 per cent for each of the years in the period 2009 to 2011, respectively. The following table shows the average percentage increase for each staff entitlement and its impact on the cost of the 2011 approved full-time equivalents (FTEs).

Composition of standard staff costs

(Millions of United States dollars)

<i>Category description</i>	<i>2011 FTEs at 2011 rates</i>	<i>2011 FTEs at 2012 rates</i>	<i>Increase as a percentage of total increase</i>	<i>Notes</i>
Professional staff				
Salaries	24.41	25.02	0.96%	(a)
Post adjustment	17.31	17.66	0.55%	(a)
Pension	7.74	7.95	0.33%	(b)
Education grant	3.98	4.18	0.31%	(c)
Medical scheme	2.59	2.76	0.27%	(d)
Repatriation, separation and annual leave	2.39	2.41	0.03%	
Home leave	1.60	1.62	0.03%	
Dependency allowance	0.84	0.85	0.02%	
United States tax reimbursement	0.82	0.84	0.03%	
Other allowances	1.95	1.97	0.03%	
Subtotal	63.63	65.26	2.56%	
General Service staff				
Salaries	16.55	16.96	1.62%	(a)
Pension	3.44	3.53	0.36%	(b)
Medical scheme	2.11	2.25	0.56%	(d)
Language allowance	0.60	0.61	0.04%	
Repatriation and separation	1.54	1.56	0.08%	
Other allowances	0.98	0.99	0.04%	
Subtotal	25.22	25.90	2.70%	
Total administrative staff costs	88.85	91.16	2.60%	

- (a) **Salaries and post adjustment:** Following the freeze on General Service staff salaries, an increase of 2.5 per cent is foreseen for professional and general service staff in 2012. This is directly aligned with FAO's staff salary increases. A corresponding 2 per cent has been assumed in the post adjustment factor to compensate for cost of living increases.
- (b) **Pension:** In accordance with FAO estimates and in expectation that pensionable remuneration will rise, an increase of 2.75 per cent in pension costs for 2012 has been proposed.
- (c) **Education grant:** In accordance with FAO, an increase of 5 per cent has been proposed for education grant costs for 2012. The revision is based on the recommendations made by the ICSC to the United Nations General Assembly.
- (d) **Medical scheme:** A 6.5 per cent increase in the scheme's unit costs has been assumed. FAO is also estimating a comparable increase, based on the medical inflation rate set out in the actuarial valuation of the medical scheme.

Non-staff costs

- 4. Within the administrative budget, an increase of 2.3 per cent has been applied to non-staff costs for 2012. This rate was obtained directly from FAO and is slightly lower than the 2.5 per cent figure provided by IFAD's Treasury Division using analysed data from the Bloomberg system forecasting inflation rates for Italy and the world.

IOE achievements in 2011

<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
1. Corporate-level evaluations	IFAD's Private Sector Development and Partnership Strategy	To be completed in May 2011	Completed. The evaluation was discussed at the Evaluation Committee and Executive Board in April and May 2011, respectively.
	Approaches and results in promoting gender equality and women's empowerment in IFAD operations (outreach activities only)	To be completed in December 2011	IOE organized a dedicated panel discussion with FAO on this evaluation at the Global Assembly of IDEAS. IOE also made a presentation on the findings of this evaluation at the workshop on "Removing Gender-based Barriers to Agricultural Development" organized by the Swedish International Agricultural Network Initiative. IOE will also lead the organization of a workshop on gender evaluations at the forthcoming ECG annual meeting in November this year, in cooperation with the World Bank, African Development Bank, Asian Development Bank and FAO.
	An assessment of institutional efficiency and efficiency of IFAD-funded operations	To be completed in 2012	In progress as planned.
2. Country programme evaluations	Ghana	To be completed in December 2011	Will be completed as planned.
	Jordan	To be completed in March 2012	In progress as planned. Main mission was fielded in June-July 2011.
	Haiti	To start in November 2011	In consultation with Management, this evaluation has been deferred to a later date given the challenges in the country context and the uncertain socio-political environment. Instead, IOE will bring forward the CPE in Ecuador, which was originally planned for 2012-2013.
	Nepal	To start in November 2011	Will start as planned.
	Rwanda	To be completed in December 2011	Will be completed in September 2011 with the national round-table workshop.
	Uganda	To be completed in March 2012	Undertaken as planned. Main mission was fielded in July 2011.
	Viet Nam	To be completed in December 2011	Will be completed as planned. Main mission was fielded in March 2011 and now the report is being prepared.
	Yemen	To be completed in June 2011	Completed. The evaluation will be discussed at the Evaluation Committee in October 2011.

<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
3. Project evaluations	25 project completion report validations	To be completed in December 2011	In progress as planned.
3.1. Project completion report validation			
3.2. Project performance assessment	6 project performance assessments	To be completed in December 2011	In progress as planned. One additional PPA is undertaken given the need to enhance evidence base for the planned CPEs in the same countries.
4. Evaluation Committee and Executive Board	Review of the implementation of the results-based work programme for 2011 and indicative plan for 2012-2013, and preparation of the results-based work programme and budget for 2012 and indicative plan for 2013-2014	To be completed in December 2011	In progress as planned.
	Ninth Annual Report on Results and Impact of IFAD's Operations (ARRI)	To be completed in December 2011	Undertaken as planned.
	IOE comments on the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA)	To be completed in September 2011	Completed.
	IOE comments on the Report on IFAD's Development Effectiveness (RIDE)	To be completed in December 2011	Will be undertaken as planned. RIDE with IOE comments will be discussed with the Evaluation Committee and thereafter by the Board in December 2011.
	IOE comments on the following IFAD operation policies for consideration by the Evaluation Committee: (i) Gender policy (ii) Country presence (iii) Private sector (iv) Middle-income country policy	To be completed in December 2011	Undertaken as planned. IFAD's country presence strategy with IOE's comments and IFAD's middle-income country policy with IOE comments were discussed at the April session of the Evaluation Committee and the May 2011 session of the Executive Board.
	Participation in four regular sessions and additional ad hoc sessions, according to the Terms of Reference and Rules of Procedure of the Evaluation Committee	To be completed in December 2011	Thus far, four formal sessions have been held. Two more formal sessions are planned in October and December respectively. IOE participated in the Evaluation Committee field visit to Brazil, and made a presentation on the results of the evaluation.
5. Communication and knowledge-management activities	Evaluation reports, Profiles, Insights, IOE website, etc.	January-December 2011	In progress as planned. A review of IOE's evaluation communication and dissemination work is being undertaken.
	Evaluation syntheses on: (i) Refining IFAD's	To be completed in December 2011	In progress as planned

<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
	(ii) development and targeting strategies to support poor smallholder farmers Direct supervision and implementation support of IFAD-financed projects		
	Attend all OSCs that discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE. Participate selectively in CPMTs.	January-December 2011	In progress as planned
6. Partnerships	ECCG, NONIE, UNEG and SDC partnership	January-December 2011	In progress as planned. IOE also participated in the Global Assembly of IDEAS
7. Methodology	Fine-tune the methodology for PCR validations and PPAs as needed	January-December 2011	In progress as planned
	Implement adjustments to IOE evaluation methodology in terms of gender, climate change and scaling up	January-December 2011	In progress as planned
	Revise and implement harmonization agreement between IOE and IFAD Management on independent and self-evaluation methodology and processes	January-December 2011	The revised harmonization agreement was presented to the Evaluation Committee at its session in March 2011. It is being implemented as planned.
8. Evaluation capacity development	Implementation of activities in partner countries related to evaluation capacity development. In particular, provide training course at the Asia-Pacific Finance and Development Center for development practitioners from the region, and undertake other activities	January-December 2011	In progress as planned
9. Financial, human resources and administrative management	Activities for strengthening financial, human resources and administrative management including consultants' management, evaluation planning and budget monitoring	January-December 2011	In progress as planned
10. Peer Review of IFAD's Office of Evaluation and Evaluation Function	Revise the IFAD Evaluation Policy	To be completed by May 2011	Completed. The revised IFAD Evaluation Policy was discussed in the Evaluation Committee during its April 2011 session and thereafter in the May 2011 session of the Executive Board.
	Comments on the revised Terms of Reference and Rules of Procedure of the Evaluation Committee	To be completed by September 2011	Completed ahead of schedule. The revised Terms of Reference and Rules of Procedure of the Evaluation Committee with IOE comments were discussed in the Evaluation Committee during its April 2011 session and thereafter in the May 2011 session of the Executive Board.

Proposed IOE activities for 2012 and indicative plan for 2013-2014

Table 1: Provisional activities according to type of work

<i>Type of work</i>	<i>Proposed activities for 2012</i>	<i>Indicative plan for 2013-2014</i>	
1. Corporate-level evaluation	An assessment of institutional efficiency and efficiency of IFAD-funded operations (2011-2012)	IFAD's approach to policy dialogue and results (2013-2014)	
	Supervision and implementation support (2012-2013)	Revised IFAD policy on grant financing (2014-2015) Contribution to future IFAD replenishment (2013-2014)	
2. Country programme evaluation	Burundi, Ecuador, Indonesia, Jordan, Madagascar, Mali, Nepal, Syrian Arab Republic (or Moldova), Uganda	Plurinational State of Bolivia, Guatemala, Pakistan, Senegal, Turkey, Zambia	
3. Project completion report validation	Around 25 PCR validations	Around 25 PCR validations/year	
4. Project performance assessment	Around 8 PPAs	Around 8 PPAs/year	
5. Evaluation Committee and Executive Board	Review of the implementation of the results-based work programme for 2012 and indicative plan for 2013-2014, and preparation of the results-based work programme and budget for 2013 and indicative plan for 2014-2015	Review of the implementation of the results-based work programme for 2013 and indicative plan for 2014-2015 and preparation of the results-based work programme and budget for 2014 and indicative plan for 2015-2016	
		Review of the implementation of the results-based work programme for 2014 and indicative plan for 2015-2016 and preparation of the results-based work programme and budget for 2015 and indicative plan for 2016-2017	
	Tenth ARRI	Eleventh and twelfth ARRI	
	IOE comments on the PRISMA	IOE comments on the PRISMA	
	IOE comments on the RIDE	IOE comments on the RIDE	
	IOE comments on selected IFAD operations policies prepared by IFAD Management for consideration by the Evaluation Committee	IOE comments on selected IFAD operations policies prepared by IFAD Management for consideration by the Evaluation Committee	
	Participation in all sessions of the EC, according to the revised Terms of Reference and Rules of Procedure of the Evaluation Committee	Participation in all the sessions of the EC, according to the revised Terms of Reference and Rules of Procedure of the Evaluation Committee	
	6. Communication and knowledge management activities	Evaluation reports, Profiles, Insights, website, etc.	Evaluation reports, Profiles, Insights, website, etc.
		Evaluation syntheses (COSOP as an instrument, including its development and implementation process; Role of cooperatives in rural development; Gender)	Evaluation syntheses (Water management and conservation, and other topics to be determined)
		Attend all OSCs regarding corporate policies and strategies, COSOPs and selected projects evaluated by IOE. Attend select CPMTs.	Attend all OSCs that discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE. Attend select CPMTs.
7. Partnerships	ECG, UNEG, NONIE, IDEAS and SDC partnership	ECG, UNEG, NONIE, IDEAS and SDC partnership	
8. Methodology	Fine-tune, as needed, the methodology for PCR validation and PPAs	Fine-tune, as needed, the methodology for PCR validation and PPAs	
	Continue to make adjustments to the Evaluation Manual to reflect key emerging issues as required	Continue to make adjustments to the Evaluation Manual to reflect key emerging issues as required	
	Implement the revised harmonization agreement between	Implement the revised harmonization agreement between IOE	

<i>Type of work</i>	<i>Proposed activities for 2012</i>	<i>Indicative plan for 2013-2014</i>
	IOE and IFAD Management on independent and self-evaluation methodology and processes	and IFAD Management on independent and self-evaluation methodology and processes
9. Evaluation capacity development	Implementation of activities in partner countries related to evaluation capacity development	Implementation of activities in partner countries related to evaluation capacity development

Table 2:
Provisional activities according to IOE divisional management results and objectives

<i>Objectives</i>	<i>IOE divisional management results</i>	<i>Proposed activities for 2012</i>	<i>Proposed indicative plan for 2013-2014</i>	
Strategic objective 1: Contribute to improving the performance of corporate policies and IFAD-funded operations	DMR 1: ARRI and CLEs that provide concrete building blocks for the development and implementation of better corporate policies and processes	Tenth ARRI	Eleventh and twelfth ARRI	
		CLE on IFAD's efficiency (2011-2012). CLE on Supervision and Implementation support (2012-2013)	CLE on IFAD's approach to policy dialogue and results (2013-2014), CLE on revised IFAD policy on grant financing (2014-2015), Contribution to future IFAD replenishment (2013-2014)	
		Comments on policies, as required	Comments on policies, as required	
		DMR 2: CPEs that serve as concrete building blocks for better results-based COSOPs	Burundi, Ecuador, Indonesia, Jordan, Madagascar, Mali, Nepal, Syrian Arab Republic (or Moldova) and Uganda	Plurinational State of Bolivia, Guatemala, Pakistan, Senegal, Turkey, Zambia
		DMR 3: Project evaluations that contribute to better IFAD-supported operations	PCR validations (around 25/year)	PCR validations (around 25/year)
		DMR 4: Methodology development	PPAs (around 8/year)	PPAs (around 8/year)
			Continue to fine-tune the methodology for PCR validation and PPAs, as required	Continue to fine-tune the methodology for PCR validation and PPAs, as required
			Continue to make adjustments to the Evaluation Manual to reflect key emerging issues, as required	Continue to make adjustments to the Evaluation Manual to reflect key emerging issues, as required
			Partnership: ECG, UNEG, NONIE, IDEAS, SDC, (indirect contribution to this DMR)	Partnership: ECG, UNEG, NONIE, IDEAS, SDC (indirect contribution to this DMR)
			Implement the revised harmonization agreement between IOE and IFAD Management on independent and self-evaluation methodology and processes	Implement the revised harmonization agreement between IOE and IFAD Management on independent and self-evaluation methodology and processes.
DMR 5: Work related to IFAD Governing Bodies	Comments on RIDE, PRISMA	Comments on RIDE, PRISMA		
	Implementation of activities in partner countries related to evaluation capacity development	Implementation of activities in partner countries related to evaluation capacity development		
	Participation in all the sessions of the EC, according to the revised Terms of Reference and	Participation in all the sessions of the EC, according to the revised Terms of Reference and		

<i>Objectives</i>	<i>IOE divisional management results</i>	<i>Proposed activities for 2012</i>	<i>Proposed indicative plan for 2013-2014</i>
		Rules of Procedure of the Evaluation Committee Review of the implementation of the results-based work programme for 2012 and indicative plan for 2013-2014, and preparation of the results-based work programme and budget for 2013 and indicative plan 2014-2015	Rules of Procedure of the Evaluation Committee Review of the implementation of the results-based work programme for 2013 and indicative plan for 2014-2015 and preparation of the results-based work programme and budget 2014 and indicative plan 2015-2016. Review of the implementation of the results-based work programme for 2013 and indicative plan for 2014-2015 and preparation of the results-based work programme and budget 2014 and indicative plan 2015-2016
Strategic objective 2: Promote effective knowledge management and learning	DMR 6: Production of evaluation syntheses and ARRI learning themes	Evaluation syntheses (COSOP as an instrument, including its development and implementation process; Role of cooperatives in rural development and gender)	Evaluation syntheses (Water management and conservation, and other topics to be determined)
		Analysis of one ARRI learning theme	Analysis of one ARRI learning theme each year
	DMR 7: Systematic communication and outreach of IOE's work	Evaluation reports, Profiles, Insights, and website	Evaluation reports, Profiles, Insights, and website
		Internal platforms (OSCs, CPMTs)	Internal platforms (OSCs, CPMTs)
		In-country learning workshops	In-country learning workshops
		Partnership: ECG, UNEG, NONIE, IDEAS, SDC	Partnership: ECG, UNEG, NONIE, IDEAS, SDC
		Participation in learning events or meetings of evaluation societies	Participation in learning events or meetings of evaluation societies
Other learning and outreach activities	Other learning and outreach activities		

Evaluations from the previous 2012-2013 indicative plan¹ to be deferred or dropped

<i>Nature of evaluation</i>	<i>IOE's proposal to drop or defer (with rationale)</i>
CLE on revised IFAD policy on grant financing in 2013	As agreed with Management, this evaluation will be deferred to a later date (2014-2015) to facilitate the assessment of the results generated by the policy on the ground.
CPE in Haiti to start in November 2011	In consultation with Management, this CPE will be deferred due to challenges in the country context and the uncertain socio-political environment. Instead, IOE will bring forward the CPE in Ecuador which was originally planned for 2012-2013.
CPEs in Burkina Faso, Cambodia, the Philippines, and the United Republic of Tanzania	These CPEs were included in last year's indicative plan 2012-2013 but it is now proposed to replace them with higher-priority CPEs.

¹ See annex XII, document GC 34/L.6.

IOE staff levels for 2012

2008 level	2009 level	2010 level	2011 level	2012		
				Professional staff	General Service staff	Total
18.5	19.5	19.5	19.5	11.5	8	19.5

Human resource category

Category	2011	2012
Director	1	1
Deputy Director	1	1
Senior evaluation officers	3	3
Evaluation officers	4	4
Evaluation/communication officer	1.5	1.5
Evaluation research analyst	1	1
Total Professional staff	11.5	11.5
Administrative assistant	1	1
Assistant to the Director	1	1
Assistant to the Deputy Director	1	1
Evaluation assistants	5	5
Total General Service staff	8	8
Grand total	19.5	19.5

In 2012, IOE will also benefit from the services of two associate professional officers (from Belgium and Sweden).

IOE's General Service staff levels

2005	2006	2007	2008	2009	2010	2011	2012 (proposed)
9.5	9.5	9.5	8.5	8.5	8	8	8

Proposed IOE budget for 2012

Table 1
IOE overall budget 2012
(In United States dollars)

	2008 budget ^a	2009 budget ^b	2010 budget ^b	2011 budget ^b (1)	Proposed 2012 budget			
					Real increase (2)	Price increase ^c (3)	Exchange rate increase/decrease ^d (4)	Total 2012 budget at US\$1=EUR 0.72 (5)=(1)+(2)+(3)+/-(4)
Evaluation work								
Non-staff costs	2 465 565	2 696 000	2 600 000	2 238 000	0	55 950	0	2 293 950
Evaluation work								
Staff costs	2 777 012	3 157 851	3 620 204	3 645 576	0	91 139	0	3 736 715
Total	5 242 577	5 853 851	6 220 204	5 883 576	0	147 089	0	6 030 665
Percentage over 2011 budget				100	0	2.5	0	102.5

^a Restated budget. As for the rest of IFAD, figures were restated during the year by IFAD's Strategic Planning Division to take into account fluctuations of the EUR/US\$ exchange rate.

^b As approved by the Governing Council (at the exchange rate of US\$1=EUR 0.79 in 2009 and US\$1=EUR 0.722 in 2010 and 2011).

^c As for the rest of IFAD and conveyed by the Budget Unit. Price increase for both staff and non-staff costs is 2.5 per cent.

^d As conveyed by the Budget Unit, the exchange rate to be applied at this stage is the same exchange rate as applied for the 2011 budget, ie. US\$1=EUR 0.72

^e See table 2 for further details on non-staff costs.

Table 2
2012 IOE budget proposal breakdown for non-staff costs

<i>Cost category</i>	<i>Absolute number</i>	<i>Number in full-time equivalent^a</i>	<i>Standard unit costs^b(US\$)</i>	<i>Proposed non-staff costs in 2012 (US\$)</i>
ARRI	1	1	150 000	150 000
Corporate-level evaluations	2	1.4	Differentiated cost based on scope and nature of issues to be assessed: 300 000-450 000	450 000
Country programme evaluations	9	4.4	Differentiated cost based on size of portfolio, size of country, travel costs and availability of evaluative evidence: 235 000-315 000	1 170 000
PCR validations	Around 25	Around 25	-	_c
PPAs	Around 8	Around 8	25 000	200 000
Evaluation syntheses	3	3	50 000	150 000
Communication, outreach, knowledge sharing and partnership activities	-	-		108 000
Overhead and miscellaneous costs	-	-		65 950
Total				2 293 950

^a Often evaluations are begun one year and completed the following year. This figure represents the percentage of time that IOE will devote to such evaluations in 2012.

^b Standard unit costs also include staff travel when necessary.

^c However, this activity will involve around 275 days of staff time (the standard unit cost in terms of staff time is eleven days/PCR validation).

Table 3

IOE proposed budget allocation (staff and non-staff costs) by objective and divisional management result

(In United States dollars)

<i>IOE objectives</i>	<i>IOE DMR</i>	<i>Proposed budget (staff and non-staff cost)</i>	<i>Percentage overall total proposed budget</i>
Strategic objective 1: Contribute to improving the performance of corporate policies and IFAD-funded operations	DMR 1: ARRIs and CLEs that provide concrete building blocks for the development and implementation of better corporate policies and processes	996 695	17
	DMR 2: CPEs that serve as concrete building blocks for better results-based COSOPs	2 184 593	37
	DMR 3: Project evaluations that contribute to better IFAD-supported operations	860 540	13
	DMR 4: Methodology development	371 600	6
	DMR 5: Work related to IFAD Governing Bodies	243 717	4
Total for strategic objective 1		4 657 145	77
Strategic objective 2: Promote effective knowledge management and learning	DMR 6: Production of evaluation syntheses and ARRI learning themes	633 933	11
	DMR 7: Systematic communication and outreach of IOE's work	739 587	12
Total for strategic objective 2		1 373 520	23
GRAND TOTAL		6 030 665	100

IOE's results chain

